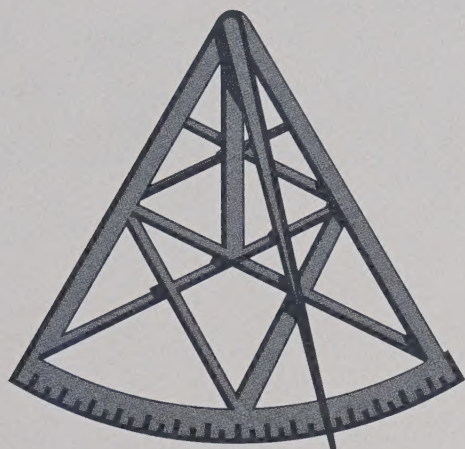


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Faculty of Business  
University of Alberta

SEP 11 1985

# STARGAZER RESOURCES LTD.



**1984**  
**ANNUAL**  
**REPORT**



# STARGAZER RESOURCES LTD.

## CORPORATE INFORMATION

### Directors

George Ramon Hugo, Calgary  
John Alexander MacPherson, DeWinton  
R. Campbell Todd, Calgary

### Officers

George Ramon Hugo, President  
Jeanette O. Chabun, Secretary-Treasurer

### Solicitors

Burnet Duckworth & Palmer  
32nd Floor, 425 First Street S.W.  
Calgary, Alberta T2P 3L8

### Auditors

Dunwoody & Company  
450, 301 - 14th Street N.W.  
Calgary, Alberta T2N 2A1

### Bankers

Canadian Imperial Bank of Commerce  
309 Eighth Avenue S.W.  
Calgary, Alberta T2P 2P2

### Registrar and Transfer Agent

The Canada Trust Company, Calgary

### Executive Offices

1750, 144 Fourth Avenue S.W.  
Calgary, Alberta T2P 3N4  
(403) 266-0644

### Listing

Alberta Stock Exchange Symbol (SZR)

### Annual Meeting

The Annual and Extraordinary General Meeting of the Company will be held in the Boardroom of Burnet Duckworth & Palmer, 32nd Floor, 425 First Street S.W., Calgary, Alberta at 11:00 o'clock in the forenoon, December 12, 1984.

## TO THE SHAREHOLDERS

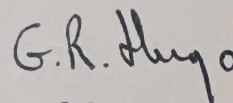
The past year has been an inactive year for your company due to lack of funds.

Our most positive achievement has been to retain most of our gold claims in the Savant Lake area of Northern Ontario. While we have continued our endeavours to find some form of financing for the company, the economic recession and the absence of venture capital markets, have not made this possible.

Following the financial year ending June 30, 1984, Stargazer acquired Nimbus Energy Resources Ltd. and that company is now a wholly owned subsidiary of Stargazer. While the acquisition provides some modest cash flow, we are still without equity funding. Furthermore, the status of certain expenses associated with the Stargazer participation in the two deep exploratory wells in Texas in 1983 remains unsolved, but some ongoing liability is anticipated.

At the present time we are reviewing alternatives which could lead to a corporate restructuring and an equity funding. This has been a very difficult period for your company but for the first time there are some encouraging signs that we may be about to make some progress.

FOR THE BOARD OF DIRECTORS



G.R. Hugo  
President



# STARGAZER RESOURCES LTD.

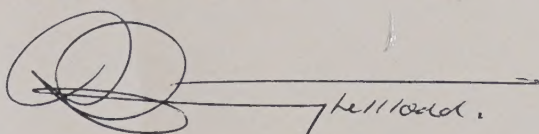
## FINANCIAL STATEMENTS

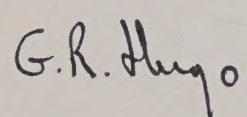
### Consolidated Balance Sheet as at 30 June 1984

	1984	1983
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 10,977	\$ 33,152
Term deposits	10,000	235,058
Accounts receivable	1,261	-
Prepaid expenses	-	1,147
	<u>22,238</u>	<u>269,357</u>
<b>Fixed, notes 1, 2 and 3</b>	<b>358,774</b>	<b>1,118,179</b>
	<u>\$ 381,012</u>	<u>\$ 1,387,536</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 73,125	\$ 167,788
Advances received on share subscriptions	-	235,000
	<u>73,125</u>	<u>402,788</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital, note 4	1,219,748	984,748
Deficit	(911,861)	-
	<u>307,887</u>	<u>984,748</u>
	<u>\$ 381,012</u>	<u>\$ 1,387,536</u>

Subsequent Event, note 7

Approved on behalf of the Board:

 , Director

 , Director

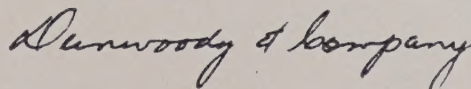
### DUNWOODY & COMPANY CHARTERED ACCOUNTANTS

#### AUDITORS' REPORT

To the Shareholders of  
Stargazer Resources Ltd.

We have examined the consolidated balance sheet of Stargazer Resources Ltd. as at 30 June 1984 and the consolidated statements of income and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at 30 June 1984, the results of operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Calgary, Alberta  
31 July 1984

Auditors

### Consolidated Statement of Income and Deficit for the Year Ended 30 June 1984

	1984	1983
<b>Revenue</b>	\$ -	\$ -
<b>Expenses</b>		
Depreciation	946	-
General and administrative	50,997	-
<b>Net Loss From Operations</b>	<b>(51,943)</b>	<b>-</b>
<b>Other</b>		
Loss on disposal of fixed assets	(994)	-
<b>Net Loss for the Year Before Extraordinary Item</b>	<b>(52,937)</b>	<b>-</b>
<b>Extraordinary Item, note 5</b>		
Writedown of petroleum and natural gas properties	(858,924)	-
<b>Net Loss and Deficit, End of Year</b>	<b>\$(911,861)</b>	<b>\$ -</b>
<b>Loss Per Common Share</b>		
Loss before extraordinary item	\$ (.014)	\$ -
Loss	\$(.247)	\$ -

### Consolidated Statement of Changes in Financial Position for the Year Ended 30 June 1984

	1984	1983
<b>Source of Funds</b>		
Issue of share capital	\$ 235,000	\$ 54,965
Proceeds from sale of fixed assets	1,548	394
	<u>236,548</u>	<u>55,359</u>
<b>Application of Funds</b>		
Operations		
Net loss for the year	911,861	-
Items not involving funds		
Depreciation	(946)	-
Writedown of petroleum interests	(858,924)	-
Loss on disposal of fixed assets	(994)	-
	<u>50,997</u>	<u>-</u>
Petroleum and natural gas properties	97,227	761,697
Mining properties	5,775	55,511
	<u>153,999</u>	<u>817,208</u>
<b>Increase (Decrease) in Working Capital</b>	<b>82,544</b>	<b>(761,849)</b>
<b>Working Capital (Deficiency), Beginning of Year</b>	<b>(133,431)</b>	<b>628,418</b>
<b>Working Capital (Deficiency), End of Year</b>	<b>\$(50,887)</b>	<b>\$(133,431)</b>
<b>Represented by</b>		
Current assets	\$ 22,238	\$ 269,357
Current liabilities	(73,125)	(402,788)
	<u>\$ (50,887)</u>	<u>\$(133,431)</u>



# STARGAZER RESOURCES LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 30 June 1984

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Principles of consolidation

The consolidated financial statements include the accounts of Stargazer Resources Ltd. and its wholly owned subsidiary, Stargazer Resources, Inc.

#### (b) Mining properties

The Company follows the full cost method of accounting whereby all costs relative to acquiring, exploring and developing properties are capitalized. The proceeds received for a partial disposition are credited to the costs and until the properties are abandoned, sold or placed on production, no gain or loss is recognized. The net costs or properties surrendered or abandoned are written off in the year of surrender. The costs relative to acquiring, exploring and developing properties will be depleted based on a composite unit-of-production method based on the total estimated recoverable reserves.

The values at which properties are carried may not be indicative of the underlying value of the properties, as activities of the Company are exploratory in nature at this point in time.

#### (c) Petroleum and natural gas properties and equipment

The Company follows the full cost method of accounting for its petroleum and natural gas properties wherein all costs relative to the exploration for and development of petroleum and natural gas and related reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenses, lease rentals on undeveloped properties, cost of drilling both productive and non-productive wells, interest and other carrying charges, and all technical and administrative overhead directly related to exploration and development activities. No gains or losses are recognized upon the sale or disposition of properties except in circumstances which result in significant dispositions of reserves. Provision for depletion of the net costs is computed on the composite unit-of-production method based on proven reserves of the Company as determined by the Company and substantiated periodically by independent professional engineers.

The values at which properties are carried may not be indicative of the underlying value of the properties, as activities of the Company are exploratory in nature at this point in time.

#### (d) Depreciation

Furniture and fixtures are depreciated at 20% per annum on the declining balance basis.

#### (e) Foreign exchange

Foreign currencies have been translated to Canadian dollars as follows:

Non monetary items at the rate in effect at date of transaction and monetary items at the rate in effect at the end of year.

### 2. MINING PROPERTIES

The Company has an interest in a staked gold prospect comprising 966 claims in the Savant Lake area of Northwestern Ontario. During the year 270 claims expired. With respect to the remaining 696 claims, 264 claims are in good standing with expiry dates ranging from August 1984 to March 1986, and 432 claims have been extended with expiry dates ranging from August 1984 to April 1985.

### 3. FIXED ASSETS

	1984	
	Cost	Accumulated Depreciation
Petroleum and natural gas properties	\$ -	\$ -
Mining properties, including exploration thereon	354,967	-
Furniture and fixtures	7,428	3,621
	<u>362,395</u>	<u>3,621</u>
Cost less accumulated depreciation	<u>\$358,774</u>	

	1983	
	Cost	Accumulated Depreciation
Petroleum and natural gas properties	\$ 761,697	\$ -
Mining properties, including exploration thereon	349,192	-
Furniture and fixtures	13,069	5,779
	<u>1,123,958</u>	<u>5,779</u>
Cost less accumulated depreciation	<u>\$1,118,179</u>	

### 4. SHARE CAPITAL

Details of the Company's share capital are as follows:

- (a) Authorized  
50,000,000 Common shares of no par value
- (b) Issued  
3,736,181 Common shares (1983 - 3,117,760 shares)

During the year the Company issued shares as follows:

	Number of shares	Amount
For cash	618,421	\$235,000

#### (c) Share options

At 30 June 1984, there were options outstanding for the purchase of 271,347 shares of the Company at a price of \$.20 per share. The options expire in 1988.

#### (d) The authorized share capital was increased by special resolution of the directors dated 20 December 1983 whereby the number of common shares authorized was increased to 50,000,000 common shares.

#### (e) During the year, the Company obtained a certificate of continuance under the provisions of the Business Corporations Act of Alberta. Authorized share capital remained unchanged.

### 5. EXTRAORDINARY ITEM

As a result of unsuccessful drilling efforts, petroleum and natural gas properties were written down during the year. Estimated recoveries of \$79,000 relating to the expected sale of equipment on the properties has been recorded in the accounts and netted against the writedown and accounts payable.

### 6. REMUNERATION OF OFFICERS AND DIRECTORS

Salary and benefits of \$22,970 were paid to an officer for services rendered during the year. No payments were made to directors for their services.

### 7. SUBSEQUENT EVENT

Subsequent to the year end a statement of claim was filed against the Company's agent for non-payment of costs regarding the drilling of petroleum and natural gas properties. The Company's portion of the claim is reflected in the accounts.